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Pre-election activities, plotting, and arrests have created an atmosphere of tension in Argentina which will last through the 11 November elections. President Peron's security measures and his army support, which was strengthened by his wife's decision not to run for vice-president, appear sufficient to prevent a revolution. As the elections approach, the Peronistas will step up their anti-US campaign.

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THE SOVIET WORLD

Speaking through many voices, the Soviet Government has made its view known that the recently concluded Japanese peace treaty prepares for a "new war in the Far East," and has warned that "those who impose such a peace treaty with Japan take upon themselves the responsibility ... for the consequences."

This Soviet attitude, already made abundantly clear at the conference itself, raises the question whether Korean peace talks can now have any successful outcome. Gromyko, while taking credit on behalf of his government for trying to end the war in Korea, has declared that Soviet efforts were being thwarted by the "aggressive" policy of the United States.

Meanwhile in Sofia, Marshal Sokolovsky, the USSR's Deputy Minister of War and an outstanding military leader, used the occasion of the Bulgarian liberation celebration to echo previous warnings concerning Yugoslavia made by Molotov in Warsaw and Voroshilov in Bucharest. All three statements have added weight to anti-Yugoslav pronouncements by stating that the Tito regime would not last "much longer" and that "there is coming to an end the patience of the peoples of Yugoslavia."

In a major reorganization of the Czechoslovak Communist Party Klement Gottwald has apparently emerged with increased power. Rudolf Slansky was relieved of his post as Secretary General and the functions of that office were turned over to the Chairman of the Party, currently President Gottwald. Simultaneously a political secretariat (Politburo) and an organizational secretariat (Orgburo) were set up. The seven members of the political secretariat include Slansky and Gottwald as well as other leading Communists. The organizational secretariat consists of Gottwald and the secretaries of the Central Committee.

There is no evidence that the shift of power from Slansky to Gottwald stems from "nationalist deviation"; in fact, all the evidence indicates that both men have been loyal adherents of Moscow and that Czechoslovakia's production troubles are at the bottom of the change. While Gottwald's power has increased at the expense of Slansky's, the establishment of a Politburo may preclude any such centralization of power as Slansky held.

On 7 September, the Albanian cabinet was again reorganized, but there is no evidence that it indicates a governmental purge. Mehmet Shehu and Manush Myftiu were removed from their respective interim posts of Ministers of State Control and Justice, positions to which they were temporarily assigned in April following a cabinet reshuffle. Shehu retains his more important position of Minister of Interior and Myftiu apparently retains his post as Vice Premier. Hysni Kapo,

[redacted]

Politburo member with long experience in political leadership, was appointed Minister of Agriculture, while his predecessor was retained as Deputy Minister. Kapo's appointment probably indicates that the program for the socialization of Albanian agriculture will be intensified.

The increased Polish maritime traffic with Communist China has reportedly resulted in the use by Polish shipping in the Poland-China route of some Chinese crew members. Other reports note the formation of a Polish-Chinese shipping company. As recently as September 1950 Lloyd's Register claimed only one Polish ship in the Poland-China route. Since then, however, eleven additional Polish-owned or chartered vessels have joined this traffic.

According to a spokesman of the Iranian Government, Poland and Czechoslovakia have made offers to purchase 700,000 and 500,000 tons of Iranian oil respectively. There is no confirmation that such offers have actually been made and it is known that as of 7 July the Poles were contemplating purchasing only 80,000 tons of petroleum products in 1951 and 250,000 tons in 1952. Poland's available tanker capacity totals approximately 40,000 tons. Czechoslovakia is not known to own any ocean-going tankers. Additional tankers may be made available by the USSR or acquired outside the Orbit through charter or purchase.

Poland is undergoing an acute shortage of meat stocks which has grown worse over a period of two months. As a result the government has instituted a discriminatory meat rationing program to benefit the workers in "certain industrial regions." In an effort to alleviate the shortage, the Polish Government is resorting to a meat production incentive program, backed by propaganda and by the arrest of alleged speculators. The meat shortage probably results from a seasonal lull in production aggravated by priority export commitments.

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Recent Czechoslovak propaganda references to the Oatis case, for the first time since the trial ended on 4 July, probably point to official sensitivity to the worldwide publicity which the case has

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received. The Czechoslovak propaganda is attempting to disparage Western efforts to free Oatis and goes beyond the official indictment in describing his alleged crimes.

An Albanian border raid into Yugoslavia by 60 frontier guards, and a virulent Rumanian accusation of an alleged Yugoslav incursion into Rumania involving three companies of Yugoslav soldiers, mark a new high in the calculated Satellite harassment of Yugoslavia. The increasingly exaggerated and inflammatory tone of the Cominform protests is probably intended to counteract Yugoslav charges that major border provocations on the Yugoslav periphery are growing in number.

WORLD COMMUNISM: THE WORLD ECONOMIC CONFERENCE IN MOSCOW

The World Economic Conference to be held in Moscow in October illustrates how the Soviet Union employs the international Communist organizations, particularly the Peace Partisans, for the over-all purposes of Soviet foreign policy. Originally proposed in February at the World Peace Council meeting in Berlin, it received no more propaganda attention than any of the dozen or so regional, cultural and professional meetings planned at that time.

In the meantime, however, Moscow apparently found that such a meeting would fit admirably into its over-all drive to break down the Western export control program by propagandizing for East-West trade. Accordingly the World Peace Council executive committee meeting in Helsinki in July singled out this conference for special attention. As part of the Soviet peace offensive, the meeting will endeavor to augment the World Peace Council's program of popularizing the Peace Movement, develop interest among Western businessmen and industrialists in unrestricted trade with the Soviet Union, and thus undermine US political and economic objectives.

Communist preparations for the meeting have included the formation of a "Committee of International Initiative" which is to include about thirty members. Numerous national peace committees (local affiliates of the World Peace Council) have been instructed that each is to select a "very representative personality" with extensive connections in economic circles who might be willing to join the Initiative Committee. The Committee will apparently not meet as a body, but it will be the task of the local members to issue invitations for the Moscow Conference. Thus, the Initiative Committee will act as a front for another identified Communist front -- the World Peace Council. Apparently, the Communists hope to avoid the stigma attached to invitations coming from a known front organization. -- In addition the "names" on the committee can be flashed before the eyes of the prominent businessmen, industrialists, scientists, and economists whom the Communists want to attract to the conference. There have already been hints of invitations to various big business groups and corporations in Western Europe and the United States.

Yves Farges, President of the French Peace Partisans, has told a French diplomat that the goal of the conference will be to work out a systematic, practical means of East-West trade, and not merely to produce propaganda on the mutual advantages of East-West trade. He further stated that "only trade exchanges on a reciprocity basis will be discussed" and that the "proposals of the USSR and China will be sensational." The English-language Moscow News said the conferees would "discuss economic developments in their own countries." However, the same article charged that "normal trade relations have been

undermined ... by a selfish clique interested ... in gaining control of the world's raw materials."

It seems unlikely that Moscow will be able to attract important non-Satellite representatives to the conference. However, the meeting will probably contribute to confusion concerning Soviet policies, and will appeal to some commercial interests in Western Europe and Asia who have been consistently critical of US-imposed export controls.

GROWING WESTERN EUROPEAN IRRITATION WITH US POLICIES

Although, in general, Western European governments are convinced of the need to cooperate with US policies, there is evidence of growing resentment against what is termed American interference and dictation. The irritation arises primarily in the economic sphere, where Western European nations are increasingly pinched by raw material shortages and rising price levels, attributable, in part, to US-sponsored restraints on trade with the Soviet Orbit.

Recent American actions, especially the projected cut in direct economic assistance, may make Western Europe less willing to cooperate with policies that require sacrifices. It also may result in the slowing down of the various defense programs. In fact, the tendency is already appearing in France to abandon or postpone defense production that could seriously disrupt the economy if US aid should be inadequate. Other European governments have reacted similarly.

The leftist-independent French newspaper Combat has declared that Europe is in rebellion against the economic policy of the US, and that at Ottawa Europe is going to rise against the US policy of "economic expansion." There are disturbing indications from the leaders of the smaller nations of dissatisfaction with the operations of the three-power NATO Standing Group in which their countries have no say on important defense policy matters.

The attitude of many Western European leaders toward defense matters and East-West trade is being colored by what they consider the unpredictability and uncertainty of US foreign policy, particularly of direct US economic assistance. There is a belief among political leaders, diplomatic officials and military planners participating in NATO that they may not be able to organize the defense of Western Europe as rapidly as hoped.

Important differences have arisen over the amount each country is contributing toward the defense effort. There is general irritation at the lag in US arms deliveries. Italian leaders are reluctant to divert from economic reform as large an amount for defense as the US has recommended. The Dutch Finance Minister has stated that if the minimum amount of US support needed for implementation of the Netherlands rearmament program is not forthcoming, that program would not be fulfilled. The Netherlands is also upset by continual US references at international conferences to a defense budget figure which it has rejected as economically unfeasible and politically dangerous.

Two of Italy's postwar Ministers of Economic Affairs suggested in separate articles that De Gasperi in his coming talks in the US should ask for less US advice and a vast increase in the amount of US aid. One of them, a leading financier and industrialist, tartly demanded "concrete economic aids" instead of the "administration of wise theories."

The ECA Productivity Program, designed to stimulate production by direct contact with labor and industry, has received a mixed reception in France. The French Government is reported to be upset by the provision for direct ECA negotiations with industry because the government wishes to remain the intermediary between ECA and the beneficiaries of its aid. Reaction on the part of management has not been favorable, and the business organization representing small and medium enterprises is "irritated by US pretensions and by the implicit reproach they believe they discern." Non-Communist labor groups are generally favorable.

Dutch unofficial and press reaction is equally aroused and opposed to the program. Responsible Dutch officials have [] described it as "encroaching on national sovereignty" and the conservative press has said the US plan constitutes "direct interference in wage and price policy" and represents nothing less than "an effort at colonization of Western Europe." Socialist press criticism is softer.

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US insistence on the admission of Greece and Turkey to NATO nettles most of the countries of Western Europe, and French and British agreement has been achieved only with reluctance. All of the nations, however, will, in the end, probably fall in line with the US position. US policy toward Franco Spain also has aroused the press and has caused official resentment in Great Britain, Scandinavia and France; and almost all the rest of Western Europe is generally opposed to military cooperation with Franco Spain.

While nationalism and internal political considerations will keep alive some European opposition to US policies, the gradual strengthening of the Western European defense position will probably weaken much of the criticism. Official support of major US policies can ultimately be expected.

HUK THREAT TO PHILIPPINES RECEDES BUT BASIC INSTABILITY REMAINS

Although the strength of the Huks, the Philippine Communist military arm, has significantly declined during the past year to a point at which their early disintegration as an effective military organization is now being predicted, the principal factors which gave rise to their strength remain.

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Huk strength reached its peak in 1950. Scandals involving high government officials had aggravated the popular revulsion that followed the frauds of the 1949 presidential elections. The public treasury was virtually empty. Export prices were at a postwar low and the balance of payments looked hopeless. Against this background, Huk efforts were successful not only in attracting increased support from the historically aggrieved peasantry (from whom the Huks derive most of their rank-and-file support), but also in deepening general despair.

Under American prodding, the Philippine Government in the late spring of 1950 undertook a reform of its inefficient military establishment. The discredited Constabulary was placed under army command. In August, an energetic former guerrilla leader was appointed Secretary of National Defense. The army was overhauled. Substantially aided by the arrival of new equipment under the US Mutual Defense Assistance Program and American advice in training and direction, newly organized battalion combat teams initiated a series of protracted campaigns which kept the Huks on the defensive.

Concomitant with and contributing to this marked improvement in the security situation has been a similar improvement in the economic outlook, which derived from a rise in export prices and the extension of ECA aid to the Philippines. The resulting change in mood from despair to hope renewed confidence in the government.

The anniversary days which were the occasion for the large Huk raids in 1950 passed quietly this year. Huk activity for some months has been mainly directed toward foraging. Scattered groups continue to harass, plunder, and raid, but the danger of the Huks overthrowing the government has receded.

Evidence of the Communists' reaction to their setbacks is not conclusive. With senatorial and provincial elections scheduled in November, the Huks are hoping for a repetition of fraud and violence. Several captured documents indicate that their efforts will be directed toward discrediting constitutional government.

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If the future pattern of Communist activity in the Philippines is not clear, it is at least evident that the factors which permitted the Huk movement to prosper have not been eliminated. Agrarian unrest continues. The Huks, dispersed and detached from their base, have not been materially reduced in numbers. The landlord-controlled government has done little toward social reform. The only assurance that the elections this year will be less corrupt than previously is that the presidency itself is not at stake. For the present, Philippine stability depends almost wholly on the continued effectiveness of the security forces and on continued US aid.

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THE GREEK ELECTION

Preliminary election returns from Greece indicate that the new electoral system has accomplished its aim of returning to parliament only two or three large parties rather than the many factions which made up past parliaments. Although the complex electoral system will delay final assessment of the positions of the various parties, it is clear that Field Marshal Papagos' Greek Rally will maintain the wide lead it established in the early returns, and that Papagos should accordingly be asked to be Greece's new prime minister.

Present estimates indicate that Papagos will obtain slightly less than half the 260-odd seats in parliament with the remainder being divided almost equally between Plastiras' Progressive Union of the Center (EPEK) and Prime Minister Venizelos' Liberals. The extreme Communist-penetrated left (EDA) will doubtlessly obtain about ten seats, approximately half those they held in the previous parliament. The old established parties such as the Populists and the Social Democrats have been virtually wiped out, the Populists winning not more than one or two seats. The Social Democrats have as yet failed to obtain any representation.

Although Papagos stands slightly right of center, the substantial vote given the left-of-center EPEK should prevent the election from being interpreted as a rightist victory.

The lead established by Papagos clearly reflects the country's dissatisfaction with the weakness and instability of the previous governments. A newcomer to politics, Papagos, who was until recently the commander-in-chief of the Greek armed forces, is widely respected for his World War II career and his effective handling of the army. He campaigned on a simple reform platform advocating "economy everywhere," sufficient backing for the armed forces and a fuller system of self-government, and cooperation with the US aid program. Convinced of the need for reform, he will undoubtedly attempt to carry out the program in a forthright manner.

Since the Greek Rally will not have a majority in parliament, its effectiveness will depend on the extent of the opposition which the other two major parties, EPEK and Liberals, will offer. Neither party is expected to join a coalition under Papagos. If they combine against Papagos, as they have already threatened to do, they can effectively defeat any measure he might propose. Fluctuating party loyalties will tend to deprive the extreme left of any decisive role in parliament. Moreover, if a Papagos government is to function smoothly it must reach a working agreement with the King, who campaigned against the marshal. There is no evidence that such a reconciliation will be easy.

CURRENT POLITICAL SITUATION IN ARGENTINA

Pre-election activities, plotting, and arrests have created an atmosphere of tension in Argentina which will last through the 11 November elections. President Peron's security measures and his army support, which was strengthened by his wife's decision not to run for vice-president, appear sufficient to prevent a revolution, but arrests and disturbances will continue. As the Peronistas wind up their campaign, the government will step up charges of foreign imperialist complicity in plotting in Argentina, and will increase its already vitriolic anti-US campaign.

Opposition to Peron is now greater than at any time since his election in 1946. The government has not been able to explain away its arbitrary actions in the railway strikes and in the La Prensa affair, or the recent notoriety arising from the police torture of a student. In the past the government has had more control over such developments, or at least been able to suppress unfavorable information.

Labor, Peron's main political support, has become dissatisfied with the sharp rise in living costs and with the government's less disguised domination of the labor unions. Labor's declining enthusiasm has been reflected in poor attendance at the General Confederation of Labor's nation-wide campaign tours and at a gigantic rally on 22 August. At least 2,000,000 were expected at the rally, but only about 300,000 appeared. Lacking a substitute patron, however, labor will probably still prefer to gamble on Peron's promises of continued special benefits.

The various opposition parties have gained in strength, but none is independently strong enough to challenge the Peronistas. The parties are split by internal bickering, and coalitions are prohibited by law. The government has impeded their campaigns by denying them meeting permits and the use of radio and newspapers facilities. None of the opposition candidates can equal Peron's appeal to the workers. Though there have been indications of joint plotting among opposition groups, including retired army officers, close police surveillance and numerous arrests have checked these efforts.

The army alone is capable of challenging Peron, and the majority of the army opposes Peron's present policies. The army's chief complaint is Sra. de Peron's steadily increasing power and self-enrichment. She exerts tremendous political power through the General Confederation of Labor, the Women's Peronista Party (which she organized), and her multi-million-dollar foundation. Through this foundation she controls huge funds which she can use for both political and personal gain. Peron has been either unwilling or unable to curb her activities. Evita's renunciation of her candidacy for vice-president on 31 August was a concession to the army, and will probably assure army support through the elections; it will not,

however, settle the issue of Evita's activities, which she firmly intends to continue.

The question of Evita has also caused dissension in high Peronista circles. By her trial run for the vice-presidency, Evita displaced Colonel (retired) Domingo Mercante, Governor of the Province of Buenos Aires and long-time influential power in the Peronista party. To offset the influence of Mercante and other Peronista dissidents, there have been a number of shifts in party command and provincial party councils. Mercante's position has not yet been clarified. It is possible that he has been bought off with the additional promise that he will retain his governorship, one of the most important positions in the country. On 31 August the Superior Council of the Peronista Party announced that the ineffectual incumbent vice-president, Dr. Hortensio Quijano, would be Peron's running mate.

Until the elections are over, Peron will continue and probably intensify his anti-US campaign theme.

After the elections are over, Peron can be expected to set about mending relations with the US.

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